

Service Date: October 26, 1988

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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In the Matter of the Application	)	
of PacifiCorp dba Pacific Power &	)	
Light Company for (1) Authority to	)	UTILITY DIVISION
Issue and Sell Not More Than	)	DOCKET NO. 88.10.37
\$200,000,000 of Debt, (2) Authority	)	DEFAULT ORDER NO. 5373
to Enter Into A Credit Support	)	
Arrangement, and (3) Authority to Enter	)	
Into Currency Exchanges.	)	
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1. On October 6, 1988, PC/UP&L Merging Corp. (to be renamed PacifiCorp) filed its supplemental application in this Docket, pursuant to Sections 69-3-501 through 69-3-507, MCA, for authorization to incur a lien under a new Mortgage and Deed of Trust to be entered into after the completion of the pending merger of PacifiCorp and Utah Power & Light Company with and into PC/UP&L Merging Corp. (Pacific). Authority previously granted in this Docket would remain in effect.

2. The application is supported by exhibits and data in accordance with the rules and regulations of the Commission governing the authorization of the issuance of securities by electric and gas utility companies operating within Montana.

3. For detailed information with respect to the general character of Pacific's business and the territories to be served by it in Montana, reference is made to annual reports of PacifiCorp on file with the Commission.

4. The application sets forth Counsel who will pass upon the legality of the proposed issuance, the other regulatory authorizations required, and the propriety of the proposed issue.

5. At a regular open session of the Montana Public Service Commission held in its offices at 2701 Prospect Avenue, Helena, Montana, on October 24, 1988, there came before the Commission for final action the matters and things in Docket No. 88.10.37, and the Commission, having fully considered the application and all the data and records pertaining to it on file with the Commission and being fully advised in the premises, makes the following:

FINDINGS

1. Pacific is a corporation organized and existing under and by virtue of the laws of the State of Oregon and will be qualified to transact business in the State of Montana.

2. Pacific will be operating as a public utility as defined in Section 69-3-101, MCA, and will be engaged in furnishing electric service in Montana.

3. The Commission has jurisdiction over the subject matter of the application under Section 69-3-102, MCA.

4. Notice of the application was published as a part of the Commission's regular weekly agenda.

5. In Docket No. 87.9.49 the Commission authorized Pacific to issue debt under the authorization previously granted to PacifiCorp in Docket No. 86.9.49, as well as to assume the

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outstanding debt obligations of Utah Power and PacifiCorp and continue or incur liens in connection therewith.

6. Pacific proposes to establish a new Mortgage and Deed of Trust (New Mortgage) which will be used for all public issuances of first mortgage bond debt after the merger. In the future, bonds issued under the existing mortgages will be held as security by the Trustee under the New Mortgage and will be in an amount equal to the bonds issued to the public. Creating the New Mortgage also allows Pacific to modernize the provisions of its mortgage.

7. The New Mortgage will result in a new lien on the properties of Pacific, including properties of PacifiCorp and Utah Power covered by first liens of the existing mortgages. The Commission must issue its order granting approval prior to Pacific incurring the lien of the New Mortgage.

8. Issuances of first mortgage bonds debt and incurrence of the lien proposed are part of Pacific's overall plan to finance the cost of its facilities taking into consideration its management judgment concerning prudent capital ratios, earnings coverage tests, and market uncertainties as to the relative merits of the various types of securities Pacific could sell.

9. The issuance of an order authorizing the proposed financing does not constitute agency determination/approval of any issuance-related ratemaking issues which issues are expressly reserved until the appropriate proceeding.

CONCLUSIONS

1. The proposed issuance of first mortgage debt and the incurrence of the liens under this New Mortgage and the existing mortgages to which the supplemental application relates will be for lawful objects within the corporate purposes of Pacific. The method of financing is proper.

2. The supplemental application should be approved.

ORDER

IT IS THEREFORE, ORDERED by the Commission that:

1. The application of PC/UP&L Merging Corp. and to be doing business as Pacific Power & Light Company after the merger of PacifiCorp and Utah Power & Light Company with an into PC/UP&L Merging Corp., filed on October 6, 1988, for amended authority in this Docket to incur the lien of the New Mortgage and Deed of Trust and to issue debt pursuant to Sections 69-3-501 through 69-3-507, MCA, and to use the proceeds for normal utility purposes, is approved.

2. Except as specifically amended in this Order, the authorization previously granted to PacifiCorp, and to be transferred to Pacific upon the completion of the merger, shall remain in full force and effect.

3. Issuance of this Order does not constitute acceptance of PC/UP&L Merging Corp. exhibits or other material accompanying the application for any purpose other than the issuance of this Order.

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4. Approval of the transaction authorized shall not be construed as precedent to prejudice any future action of this Commission.

5. Section 69-3-507, MCA, provides that neither the issuance of securities by PacifiCorp dba Pacific Power & Light Company pursuant to the provisions of this Order, nor any other act or deed done or performed in connection with the issuance, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any security authorized, issued, assumed, or guaranteed.

6. This Order shall be effective upon execution.

DONE IN OPEN SESSION at Helena, Montana, this 24th day of October, 1988, by a 5 - 0 vote.

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BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

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CLYDE JARVIS, Chairman

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HOWARD L. ELLIS, Commissioner

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TOM MONAHAN, Commissioner

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DANNY OBERG, Commissioner

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JOHN B. DRISCOLL, Commissioner

ATTEST:

Carol A. Frasier  
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.